

BUSINESS OWNERS BEWARE

SPRING 2011



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Although trade-mark scams are not new, they seem to be increasing in frequency and sophistication. Several of our clients that own company names, brand names or trade-marks have received correspondence from domain name registrars warning that their domain name is in peril of being registered by a third party corporation, and cautioning that they must immediately secure the domain name to avoid the third party acquiring the registration. The impugned domain name is typically the client's trade-mark, corporate name or domain name, but with a different domain suffix, such as .asia, .cn, .hk, etc. The domain name registrar typically alleges that its local laws require that it notify the rightful owner of the trade-mark before it can finalize domain name registration by the third party.

Whether you call it a scam or a devious marketing strategy, the goal is to convince you to purchase the impugned domain names. The third party likely does not exist. Further, as trade-mark ownership is geographically specific, an owner of a trade-mark in Canada alone typically does not acquire rights to all possible domain names that incorporate its trade-mark.

WHAT SHOULD YOU DO?

The question is: do you care if another entity owns the domain name? We note that with the recent expansion of generic top-level domains, there are a vast number of domains that can be owned that incorporate your trade-mark. Therefore, it would be nearly impossible for you to own all of the possible domains that include your trade-mark.

If you do not have any interest in the referenced domains, then do not be distressed into purchasing domains that you would not otherwise care to own. We would recommend that you instead focus on acquiring domains that are most relevant to creating an Internet presence that is meaningful to your consumers.

However, if you have or intend to have a business presence in Asia, or if you have a brand that has global recognition, you may

wish to contact a different domain registry that sells Asia-Pacific domains: to determine if the domains are available to purchase and to determine the cost. If you contact the domain registry referenced in the correspondence, it is likely that the cost to purchase the domain names will be inflated as the registry will know that you are very interested in acquiring the domains (and the cost tends to increase as the perceived interest increases).

ONE TIME LIMITED OPPORTUNITY TO BLOCK .XXX SQUATTERS

The launch of the website suffix .xxx is on the horizon. The .xxx suffix will exclusively be used by the adult entertainment industry - and tens of thousands of adult website owners have already pre-reserved their .xxx domain names. Trade-mark owners should be concerned as an adult-content website owner could conceivably register the domain name "[trademark].xxx" and actively use the domain name as an address for an adult entertainment website, or offer to sell the domain name to the trade-mark owner at an inflated price. Brand owners that do not want their trade-mark associated with websites with adult content have the opportunity - for a very limited time - to block their registered trade-mark from use in association with .xxx domains on payment of a one-time fee. This opportunity to ensure that your trade-mark is not registered as a .xxx domain will commence in September 2011 and will only last for up to 30 days. See ipblog.ca for updates and further details on this process, or contact us to discuss whether you should consider applying to block your trade-mark from use as a .xxx domain name.

BE PROACTIVE

We recommend that you purchase domain names that you believe may be relevant to your consumers in advance of a competitor or a cybersquatter purchasing the same. It is often difficult to compel a domain name owner to relinquish ownership of a domain name. Therefore, it is advisable to obtain meaningful domain names before another recognizes the importance of the domain and acquires it to

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drive business to a competitor, disrupt your business, or attempt to sell it to you at an inflated cost.

It is important to remember that domain name ownership in itself does not typically impart the domain name owner with trade-mark protection. Therefore, if you wish to protect your trade-mark, we recommend that you contact our Intellectual Property & Technology Group to assist in designing a strategy to protect your brand in key territories, to discuss strategic domain name purchases that will reduce disruptive activity by imitators and cybersquatters, and to assist in securing local language registrations for your most important markets. ▲

DISCLAIMER

This article should not be interpreted as providing legal advice. Consult your legal adviser before acting on any of the information contained in it. Questions, comments, suggestions and address updates are most appreciated and should be directed to:

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